

Message Text

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PAGE 01 SAIGON 04242 031225Z

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ACTION SS-30

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O R 031054Z APR 74
FM AMEMBASSY SAIGON
TO SECSTATE WASHDC IMMEDIATE 3282
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THE WHITE HOUSE

S E C R E T SAIGON 4242

EXDIS

E.O. 11652: GDS
TAGS: MARR, VS
SUBJ: ICCS FINANCES

REFS: A) SAIGON 4211; B) STATE 066436; C) SECDEF 0223347
APRIL 74 ZFF4 SPECAT EXCLUSIVE 2190

1. FOR INFORMATION OF THOSE CONCERNED, WE HAVE ASCERTAINED TODAY THAT AS RESULT OF AIR AMERICA PRESSURE, ICCS HAS ISSUED CHECK TO AIR AMERICA IN AMOUNT OF \$372,319.20 CALLING ATTENTION TO FACT THAT THIS IS IN FACT A "KITED CHECK" SINCE GVN CHECK HAS NOT YET CLEARED THROUGH AMERICAN BANK ON WHICH IT WAS DRAWN. AT SAME TIME ICCS PROMISED THAT, UPON CLEARANCE OF CHECK, BALANCE OF OUTSTANDING AIR AMERICA BILLS FOR FEBRUARY AND MARCH 1974 WILL BE PAID. THIS WILL IMMEDIATELY DEDUCT \$1,228,000.00 FROM THE \$2,619,141.15 BALANCE RECORDED PARA 2, REF A. PA&E HAS RECEIVED \$300,000 IN A SIMILARLY "KITED CHECK" AND ARE DEMANDING AN ADDITIONAL \$593,000 BY THE END OF THE WEEK. FEC, MORE RELAXED THAN THE OTHER TWO, IS DEMANDING \$93,000 WHICH ICCS INTENDS TO PAY THE END OF THE WEEK WHEN THE CHECK CLEARS. WHEN THESE ARE PAID, THERE WILL BE ONLY \$405,000 LEFT IN THE TILL. AND THE NEXT AIR AMERICA BILL WILL EXHAUST THE TILL.

2. UNDER THE CIRCUMSTANCES OF THE DISPOSITION OF THE CURRENT GVN PAYMENT, THERE IS NO REPEAT NO POSSIBILITY THAT THE GVN WILL MAKE A FURTHER ADVANCE UNTIL AFTER THE USG DOES. UNDER
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PAGE 02 SAIGON 04242 031225Z

PRESENT CIRCUMSTANCES THERE APPEARS NO LEGAL WAY FOR US TO

MAKE A DIRECT CONTRIBUTION WITHOUT USING AID CONTINGENCY FUNDS, IF ANY ARE, IN FACT, STILL AVAILABLE.

3. WE DEFER, OF COURSE, TO WASHINGTON LEGAL OPINION BUT FAIL TO UNDERSTAND TWO POINTS-THE FIRST IS HOW IT WOULD HAVE BEEN LEGAL WHEN FIRST PROPOSED, IF NOT NOW? THE SECOND IS THAT IF, AS REF C TENTATIVELY CONCLUDES, DOD HAS NO LEGISLATIVE AUTHORITY TO PROVIDE SUPPORT FOR ICCS, THE GAO WILL HAVE A FIELD DAY ON REQUIRING EXPLANATIONS ON THE LARGE AMOUNT OF MATERIEL SUPPORT GIVEN ICCS WHEN IT WAS FIRST ESTABLISHED. AS A MATTER OF HISTORY, IT WOULD NOT HAVE BEEN POSSIBLE TO GET THE ICCS STARTED OR TO HAVE KEPT IT AFLOAT IN ITS EARLY STAGES WITHOUT THE SUPPORT WHICH THE DOD SO EFFECTIVELY PROVIDED.

4. WE COMPLETELY AGREE THAT SUPPORT FOR THE ICCS SHOULD NOT REPEAT NOT IN A PROPERLY RUN WORLD, HAVE TO COME FROM DOD. NEVERTHELESS, WE ARE FACED WITH A POTENTIAL POLITICAL DISASTER WHICH AS FAR AS WE CAN SEE IF NOT SOLVED IN THE WAY SUGGESTED IN REF A, NOW APPEARS INESCAPABLE. WE VERY MUCH HOPE, THEREFORE, THAT TH IMAGINATIVE AND RESOURCEFUL DOD LAWYERS CAN DISCOVER A WAY TO GET FROM HERE TO THERE. IT OCCURS TO US THAT PERHAPS WE MIGHT FIND A PRECEDENT IN THE WAY WE FINANCED THE COSTS OF THE ONGOING NEGOTIATIONS AT PANMUNJON OR THE RECENT DEPLOYMENT OF UNEF IN THE MIDDLE EAST.
MARTIN

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